

Committee on Resources,

Subcommittee on Energy & Mineral Resources

[energy](#) - - Rep. Barbara Cubin, Chairman

U.S. House of Representatives, Washington, D.C. 20515-6208 - - (202) 225-9297

Witness Statement

Testimony to the
Subcommittee on Energy and Mineral Resources
U.S. House of Representatives
Field Hearing at the Washoe County Commission Chambers
1001 East 9th Street, Building A, Reno, Nevada
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by
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My name is Jonathan Price. I am the Nevada State Geologist and Director of the Nevada Bureau of Mines and Geology, which is the state geological survey and a research and public service unit of the University and Community College System of Nevada. Thank you for this opportunity to testify on the effect of federal mining fees and mining policy changes on state and local revenues and the mining industry.

Mining on federal lands is critical to the Nation and to the State of Nevada. The economic impacts of mining in Nevada are significant. Gold production in Nevada boosts the overall earth-resource industry in our state to nearly \$3 billion worth of product per year. We are in the midst of the largest gold boom in U.S. history, and, thanks in part to mining on federal lands, the United States is a net exporter of gold, one of few mineral and energy resources for which we are not a net importer.

Nevada leads the nation in the production of gold, silver, barite, lithium, mercury, and the specialty clays, sepiolite and saponite. Other major commodities produced in Nevada include construction aggregate (sand, gravel, and crushed stone), geothermal energy, lime, diatomite, gypsum, cement, silica (industrial sand), and magnesia. Local economies also benefit from mining. Construction of new homes, casinos, other businesses, schools, and roads continues the strong demand for local sources of sand, gravel, crushed stone, gypsum, and cement, all of which are abundant in Nevada. According to figures compiled by the Nevada Department of Employment, Training, and Rehabilitation, the mining industry directly employs approximately 11,000 people, and the industry is responsible for another 36,000 jobs related to providing the goods and services needed by the industry and its employees.

I served as a member of the National Academy of Sciences - National Research Council (NRC) Committee on *Hardrock Mining on Federal Lands*, which wrote the 1999 report with the same title. Congress requested that the NRC assess the adequacy of the regulatory framework for hardrock mining on federal lands. The specific charges to the committee were to identify federal and state statutes and regulations applicable to environmental protection of federal lands in connection with mining activities; consider the adequacy of federal and state environmental, reclamation and permitting statutes and regulations to prevent unnecessary or undue degradation; and draw conclusions and make recommendations regarding how federal and state environmental, reclamation and permitting requirements and programs can be coordinated to ensure

environmental protection, increase efficiency, avoid duplication and delay, and identify the most cost-effective manner for implementation.

The overarching conclusion of the NRC committee was that "Existing regulations are generally well coordinated, although some changes are necessary. The overall structure of the federal and state laws and regulations that provide mining-related environmental protection is complicated, but generally effective. The structure reflects regulatory responses to geographical differences in mineral distribution among the states, as well as the diversity of site-specific environmental conditions. . . Improvements in the implementation of existing regulations present the greatest opportunity for improving environmental protection and the efficiency of the regulatory process."

In other words, the regulatory system that was in place through January 19, 2001, prior to the new rules that were published on November 21, 2000, generally works well to protect the environment and allow for development of mineral resources. In my opinion, the only regulatory changes that are necessary, beyond what was in effect on January 19, 2001, are those identified in the NRC report.

Chapter 4 of the NRC report on *Hardrock Mining on Federal Lands* contains several significant conclusions and recommendations. For clarity, the key recommendations were shortened to generally one sentence of bold-faced text. Accompanying each recommendation are explanations of why the NRC Committee felt the recommendation was justified, a discussion about the implications of the recommendation, and further statements on how recommendations should be implemented. In my opinion, the full recommendations are this entire chapter, not just the bold-faced text.

In its final environmental impact statement (EIS) on Surface Management Regulations for Locatable Mineral Operations (43 CFR 3809), dated October 2000, the Bureau of Land Management offered five alternatives. The fifth alternative was to make changes as recommended in the NRC report. However, this was not the preferred alternative of the previous administration when it published its final rules on November 21, 2000. I believe that BLM should follow the full recommendations in the NRC report. Although I favor BLM's going forward with implementing those changes that were recommended by the NRC, I have not fully analyzed the fifth alternative in the EIS to make sure that it is fully consistent with the NRC report. I therefore favor BLM's going back to the status quo as it existed on January 19, 2001 and carefully crafting new rules that recognize the overarching conclusion of the NRC report: "Existing regulations are generally well coordinated, although some changes are necessary."

BLM estimated in the EIS that, with their course of action, there would be substantial losses of mine production and related jobs, and that 70% of the losses would be in Nevada.

Our office has noticed a significant downturn in exploration activity in Nevada, as measured in the last two years by 20 to 40 percent decreases in sales of topographic base maps, geologic maps, and reports used by exploration geologists. Although some of this can be attributed to relatively low prices for gold and other metals, results of a survey (conducted by the Nevada Division of Minerals and published in September 2000) of companies exploring in Nevada suggest that the regulatory environment (including such issues as permitting times, uncertainties about Mining Law reform, federal claim-maintenance fees, and land withdrawals) has become a significant disincentive for exploration.

Another measure of exploration activity is the number of active claims held on federal lands. According to the Bureau of Land Management, the number declined from 1999 to 2000 by approximately 8 percent, to 105,555. This number is substantially lower than the figures of about 400,000 active claims each year during

the period from 1989 to 1992, after which a new claim-holding fee was imposed by the federal government. The numbers dropped to below 150,000 active claims in each year since 1992.

The decrease in exploration activity is particularly troublesome, because the deposits found today will become the mines of the future, and because the expertise needed to find these deposits is leaving the United States. Quoting from the 2001 NRC report on *Evolutionary and Revolutionary Technologies for Mining*, "The United States is both a major consumer and a major producer of mineral commodities, and the U.S. economy could not function without minerals and the products made from them. In states and regions where mining is concentrated, this industry plays an important role in the local economy." I believe that is important that the U.S. maintain an environmentally responsible mining industry and train professionals to find and mine the mineral deposits that we will need in the future.

The NRC report on *Hardrock Mining on Federal Lands* made several recommendations that were not directly relevant to BLM's "3809" rules governing mining operations on public lands, but which can help encourage environmentally responsible mineral-resource development. I would like to highlight a few of those by quoting from the report.

"Recommendation 3: Forest Service regulations should allow exploration disturbing less than five acres to be approved or denied expeditiously, similar to notice-level exploration activities on BLM lands.

Under the current system for notice-level exploration activities affecting five acres of land or less, BLM has 15 days to respond and notify the operator if extraordinary measures are needed for the planned activities. In contrast, Forest Service officials reported that essentially identical exploration activities on Forest Service lands often require eight months lead time and sometimes as long as two years to obtain approval, although some approvals for exploration are obtained more quickly."

"Recommendation 7: Existing environmental laws and regulations should be modified to allow and promote the cleanup of abandoned mine sites in or adjacent to new mine areas without causing mine operators to incur additional environmental liabilities.

To promote voluntary cleanup programs at abandoned mine sites, Congress needs to approve changes to the Clean Water Act and the Comprehensive Environmental Response, Compensation, and Liability Act to minimize company liabilities."

"Recommendation 8: Congress should fund an aggressive and coordinated research program related to environmental impacts of hardrock mining."

The 1999 NRC report contains suggestions for implementing this recommendation and an appendix on research needs. In addition, a new NRC report, published in 2001 and titled *Evolutionary and Revolutionary Technologies for Mining*, further addresses research needs in mining, including environmental issues.

"Recommendation 10: From the earliest stages of the National Environmental Policy Act (NEPA) process, all agencies with jurisdiction over mining operations or affected resources should be required to cooperate effectively in the scoping, preparation, and review of environmental impact assessments for new mines. Tribes and nongovernmental organizations should be encouraged to participate and should participate from the earliest stages.

The lack of early, consistent cooperation and participation by all the federal, state, and local agencies

involved in the NEPA process results in excessive costs, delays, and inefficiencies in the permitting of mining on federal lands."

"Recommendation 13: BLM and the Forest Service should identify, regularly update, and make available to the public, information identifying those parts of federal lands that will require special consideration in land-use decisions because of natural and cultural resources or special environmental sensitivities.

BLM and Forest Service should identify natural or cultural resources or environmental sensitivities on federal lands that require special consideration in land use planning, including that related to hardrock mining. The agencies should use their land use planning processes to (1) identify these lands that should be withdrawn from hardrock mining or may require special considerations in permitting, (2) give specific consideration to hardrock mining as a potential land use, and (3) establish guidelines for reclamation and mitigation that apply to mining. This can be accomplished through the land use plans for federal lands required by the Federal Land Policy and Management Act and the National Forest Management Act."

"Recommendation 16: BLM and the Forest Service should plan for and implement a more timely permitting process, while still protecting the environment.

The permitting process is cumbersome, complex, and unpredictable because it requires cooperation among many stakeholders and compliance with dozens of regulations for a single mine. As a result, there is a tendency for the process to drag on for years, even a decade or more."

Some of these recommendations will require congressional action, and some will require changes in federal regulations. I would be happy to attempt to answer any questions you may have about the NRC report or my personal opinions concerning mining policies. Thank you.

Jonathan G. Price
13 April 2001

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